

WORKING GROUP TO DEVELOP AN ALTERNATIVE TO THE NFF'S COMPUTATION OF ELECTRIC POWER & ENERGY MARKET VALUES

I. PROPOSED AGENDA

- A. Introductions**
- B. Staff's Opening Remarks**
- C. Other Parties' Opening Remarks**
- D. Identification Of Issues To Be Resolved (See Section II Of Outline)**
- E. Next Steps**
 - 1. Goals For Completion**
 - 2. Future Meetings**
 - a) Next meeting - date and agenda*
 - b) Topical discussions*
- F. Begin Discussion of Specific Issues**

II. ISSUES TO BE RESOLVED

A. Utility-Specific Index Versus Generic Market Index

- 1. Pursue Separate Workshops For Each Relevant Utility**
- 2. Continue To Look For Common Market Index (Or Common Approach) For All Relevant Utilities**

B. Future Or Historical Outlook?

1. Alternative 1: Prices For A Future Time Period

- a) How Far into Future (12, 6, 4, 3, 1 month)?*
- b) Source of Future Time Period Prices*
 - (1) Futures Market(s)
 - (2) Forward Market(s)
 - (3) Independent Forecasts
 - (4) Combination of above

2. Alternative 2: Prices for an Historical Time Period

- a) How far back in time (12, 6, 4, 3, 1 month)?*
- b) Source of Historical Prices*
 - (1) NFF-type collection of contracts
 - (2) Published market price surveys
 - (3) Combination of above

3. Alternative 3: Use Combination of Future and Historical Data

C. When Update the Market Value?

1. For Newly-Switching Delivery Service Customers

- a) *Tailor to customer's switch date*
- b) *Use last update computed for existing customers*

2. For Existing Delivery Service Customers

- a) *Annually at the same time for all customers*
- b) *Annually at a different time for all customers*
- c) *Two, Three, Four, Twelve time per year*

3. Compute TC For A Full 12 Months In The Future Or For A Shorter Time Period

D. After-The-Fact Reconciliation

- 1. Example: Compute an FAC-like reconciliation balance based on difference between the prices that prevailed in some relevant market during the time period in question and the prices that were used during the time period in question. Recover or refund the reconciliation balance over next 12 months.**
- 2. Which prices are relevant: Published market price survey (daily or hourly markets); futures market settlement prices during last X days of trading for each contract.**

E. What Data is to be Used

- 1. Criteria for selecting**
- 2. Published or Subscription Sources**
- 3. Futures Exchanges**
- 4. Electricity Price Exchanges**
- 5. Monthly, Daily, or Hourly Prices**
- 6. Combination of above - Weighting**
- 7. Which Geographic Markets**
 - a) Utility-specific*
 - b) Illinois*
 - c) MAIN*
 - d) Midwest*
 - e) National*
- 8. Basis differentials**

F. Adjustments To Observed "Market Values" And Other Translation Tariff Issues

G. Phase-In - Implementation Schedule

H. Addressing Concerns Expressed in the Commission's Orders